



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 8

1595 Wynkoop Street
DENVER, CO 80202-1129
Phone 800-227-8917
<http://www.epa.gov/region08>

OCT 15 2014

Ref: 8ENF-UFO

CERTIFIED MAIL 7008-3230-0003-0724-9288
RETURN RECEIPT REQUESTED

Andy Young
Red Willow Production Company
14933 Hwy 172
P.O. Box 369
Ignacio, CO 81137

Re: Underground Injection Control (UIC)
Notice of Violation:
Inconclusive Temperature Log and Failure to Conduct Pressure Fall-Off Test
Southern Ute WDW 32-11-10-5 Well
EPA Well ID# CO10460-01919
API # 05-067-07123
Ignacio-Blanco Oil Field
La Plata County, CO

Dear Mr. Young:

Upon review of the temperature log submitted by Red Willow Production Company, which was run between September 9, 2014 and September 16, 2014, the Environmental Protection Agency has determined that the Red Willow Production Company injection well referenced above does not conclusively show mechanical integrity. This is demonstrated by a cooling trend which begins at approximately 7100 feet in depth, several hundred feet above the top of the approved injection interval at 7580 ft. On October 6, 2014, Red Willow submitted an explanation that the temperature effects observed are a consequence of the manner in which the survey was conducted. Due to the inconclusive results of the above referenced temperature log, the EPA requires Red Willow conduct another temperature log in accordance with the EPA guidelines which may be found at: <http://www2.epa.gov/sites/production/files/2014-02/documents/info-templog.pdf>. In addition, the EPA also requests that Red Willow conduct a Radioactive Tracer Survey test which will provide additional support in demonstrating mechanical integrity.

Pursuant to the above-referenced UIC Permit and Title 40 of the Code of Federal Regulations Section 144.51(q)(1) (40 C.F.R. § 144.51(q)(1)), you must establish and maintain mechanical integrity. A loss of mechanical integrity is a violation of this requirement.

Pursuant to the above referenced UIC Permit and the regulations at 40 C.F.R. § 144.51(q)(2), you must cease injection for disposal into this well until receiving written notification from the EPA that mechanical integrity has been demonstrated and injection may resume.

Pursuant to the above-referenced UIC Permit and the regulations at 40 C.F.R. § 146.13(d)(1), you must conduct a pressure fall-off test annually. The last pressure fall-off test for this well was conducted on February 7, 2013. The EPA has no record of a pressure fall-off test for this well during 2010, 2011 and 2012. If Red Willow Production Company conducted the pressure fall-off test during these years, please provide the results to the EPA as soon as possible. EPA understands that Red Willow has conducted a pressure fall-off test for 2014 and will be submitting results shortly. EPA appreciates Red Willow's efforts to resolve these issues and address concerns regarding this well.

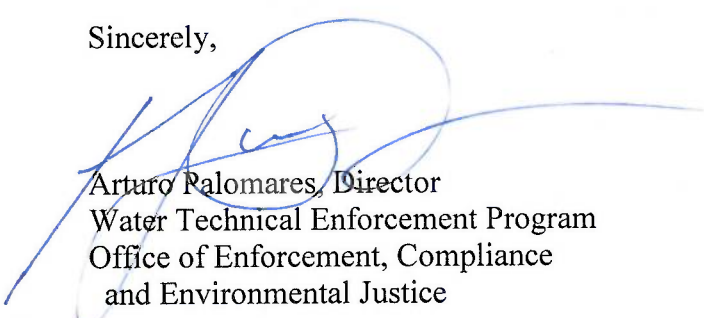
Within thirty (30) days of receipt of this letter, please submit a letter describing what action you intend to take regarding the well, including a time frame in which you anticipate the work to be completed.

If you choose to plug and abandon this well, the approved plugging and abandonment plan that is incorporated into the permit must be followed. Any deviation from that plan must be submitted to the EPA for approval prior to the plugging operation.

Failure to comply with the UIC regulations found at 40 C.F.R. Parts 144 through 148 constitutes one or more violations of the Safe Drinking Water Act, 42 U.S.C. § 300h. Such non-compliance may subject you to formal enforcement by the EPA, as codified at 40 C.F.R. Part 22.

If you have any questions concerning this letter, you may contact Don Breffle at (303) 312-6198. Please direct all correspondence to the attention of Don Breffle at Mail Code 8ENF-UFO.

Sincerely,



Arturo Palomares, Director
Water Technical Enforcement Program
Office of Enforcement, Compliance
and Environmental Justice

cc: The Honorable Clement Frost, Chairman, Southern Ute Indian Tribe
Tom Johnson, Division Head, Environmental Program, Southern Ute Indian Tribe
Robert P. Koehler, UIC Director, Colorado Oil and Gas Conservation Commission
Katie Wohlust, Environmental Compliance Specialist, Red Willow Production Company